

Indiana House of Representatives

News and Information

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STATEHOUSE REPORT FROM REP. TRENT VAN HAAFTEN

INDIANAPOLIS – This past week was a short week, but one filled with traditional and important events. On Tuesday (January 18), Gov. Mitch Daniels presented his first State of the State speech and the following day, Chief Justice Randall Shepard delivered his State of the Judiciary speech. These speeches, along with the presidential inauguration, are uplifting traditions in our form of government.

The governor's speech was highly anticipated since it was the first time that Hoosiers would hear the new governor outline his policies and priorities and enable the people of Indiana to gain some insights into the visions and philosophies of the state's leader.

The governor spent little time on specific economic issues in his speech, apart from restating his support for a plan that would bring daylight-saving time to Indiana.

Much more time was devoted to issues surrounding our state's budget and the future course of public education in Indiana. While I applaud the governor's commitment to build upon our recovering state economy, I was disappointed with the negative tone aimed at the educational accomplishments of our children and the expression of ideas that will harm schools in Posey County.

The governor said he would freeze funding for schools at current levels. A freeze fails to recognize the ongoing costs of operation that all schools face on a regular basis, such as utilities and insurance, which forces local officials to find local means to fund those increases.

Freezing funding will only compound problems, such as the dilemma North Posey faced last year in having to reduce its bus routes. Freezing school funding will not help the problems that our rural school district face and I will work in the Legislature to preserve every state dollar for the benefit of our students. If we freeze school spending without recognizing that the cost of business rises, the only alternatives will be to either raise local taxes or cut programs and staff and consider increased class sizes.

Another troubling proposal would be the elimination of minimum funding guarantees for schools. If this plan takes effect, an estimated 244 of the state's 293 school corporations will lose state support, including the systems of Mt. Vernon, New Harmony and North Posey.

I am very proud of our school systems. You only have to look inside our newspapers to see the success of our students. The success of our educational system was exemplified in last week's papers in the following examples: 1) New Harmony's economics class learning economic principles by caring for a family over the holidays; 2) Mt. Vernon graduate Jake Erwin's experience in the United States Navy; and 3) the leadership of student athletes such as Taylor Morrow at North Posey. The success of our students is self-evident and I want us to continue moving forward in education.

Despite his plans to freeze funds and eliminate guarantees, the governor will proceed with efforts to move the ISTEP test from the fall to the spring. At first glance I thought that moving the test may be a worthy goal. But upon examining the issue, the price tag it carries is too great and comes at the wrong time. If the date for ISTEP is changed, the data that has

already been accumulated for scoring purposes will be thrown out and we will have to start all over again, with a whole new price tag.

On budget issues, the administration has announced plans to limit spending on health care for the elderly and disabled through the Medicaid program. Instead of looking to cut funding for those who truly need our help, an emphasis should be placed upon the eligibility requirements so that we can eliminate waste and show Hoosier compassion to those who need our assistance.

Property taxes are a subject that I often hear from you about, and the governor's ideas may cause a negative "trickle-down" effect. The governor said he would cap the amount of money that the state provides to local governments in property tax relief. State government has provided tax relief through the Property Tax Relief Credit (PTRC) for a number of years. If this state relief is frozen, state relief to counties will shrink.

The end result is that local governmental entities will have to find ways to replace reduced state funds. I would rather have state government work hand in hand with local government to find a solution to our property tax burden, as opposed to passing the responsibility onto the backs of local government.

All of these maneuvers are proposed to eliminate a deficit in the biennial state budget, but the most interesting part of the governor's plan is a temporary income tax increase for individuals, families and small business owners making more than \$100,000 a year.

Raising any tax is never popular but at least this tax does not place a burden on all Hoosiers. However, it will be interesting to see how a tax increase will be handled by a Legislature containing a number of lawmakers who have signed pledges to vote against any and all efforts to raise taxes. House and Senate leaders have made it clear they believe we can balance the state budget without tax increases, and I intend to hold them to their word.

Perhaps the most disappointing part of the speech, however, was the general negative attitude the governor took toward the condition of our state. While Indiana continues to feel the effects of the national recession, I believe we are on our way back...and sooner than Gov. Daniels seems to think.

We are seeing the impact of both tax restructuring and the Energize Indiana job creation and retention program, bipartisan initiatives that have become law over the past few years.

Economists are now predicting drops in the state's unemployment rate, as well as growth in personal income. Indiana's business climate ranks as the best in this section of the country, and among the best in the entire U.S.

Because of these improvements, revenues are on the upswing, and our state treasury is benefitting from it. Our combined reserve balances have increased by 10 times, and our budget deficit has gone down.

I refuse to believe that all is "gloom and doom." We should never be satisfied with where we stand because we must always strive for a better tomorrow. I also know that while I may disagree with some of the governor's ideas, our representative form of government works through the open exchange of ideas. We are not out of the woods by any means, but things are improving. Indiana is on the road to recovery, and together we will travel that road. But I do not believe that increasing taxes and cutting funds for schools should be part of the road we travel.

On a final note, I have asked the governor to consider Posey County when he seeks federal aid disaster for flood victims. He has placed Posey, Vanderburgh and Gibson counties on the state list for relief so please contact me or the governor's office if you are in need of relief as a result of recent calamities.